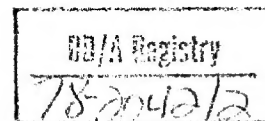


78-1465/5



6 JUN 1978

MEMORANDUM FOR: Deputy Director for Administration
FROM: Director of Central Intelligence
SUBJECT: Contracting Procedures on Security

1. I read your memo on the progress with inserting more security considerations into our contracting. Since then I have had one additional thought.

2. You indicated that before we can modify the contracts themselves we have to clean up our security regulations to make them more explicit. That is certainly worth doing in any event. At the same time, I'm not sure that my primary objective in contracting is related to the security regulations we promulgate. What I am most specifically interested in is a "performance clause." What I have in mind is a clause that says if it is determined that security information has leaked out of the contractor's organization it is subject to penalties. This is not a question of whether he followed rules such as three combination safes and two locks on the doors, etc., but simply a question of whether there was a leak attributable to his operation. Clearly in the [REDACTED] case this would have been operative. In many others, it would be difficult if not impossible to adjudicate responsibility. There would also be difficult issues as to whether the contractor is responsible for an employee who is too garrulous in a bar as opposed to the physical removal of classified data or equipment from his plant. I don't know how all of these would be worked out, but it seems to me consideration of this type of provision need not await a better definition of our security procedures.

STATINTL

[REDACTED]

STANSFIELD TURNER

OGC 78-3463

1 AUG 1978

78-1465/1

MEMORANDUM FOR: Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

REFERENCE: Memo dtd 15 May 78 to DDA fm DCI,
no subject

1. You asked about the status of actions being taken " . . . to get some teeth into our contracting procedures" While there is work yet to be completed, I am able to report that much has been accomplished.

2. A directive was issued on 9 September 1977 to all of our contracting personnel requiring that security performance be considered as a critical element in the contracting officer's determination of responsibility.

3. The Task Force on Industrial Contracts and Industrial Security has made recommendations which you approved, and action is now underway to require security plans as part of contractor proposals and to develop a security check list for inclusion in requests for proposals. These actions will be completed by 16 June 1978.

4. The Office of General Counsel (OGC) on 12 August 1977 accepted the responsibility for strengthening the security clauses in our contracts. However, OGC subsequently advised that improved contract clauses in and of themselves would not solve the problem without developing greater precision and uniformity in our industrial security manuals. The responsibility for this rewrite of security manuals is scheduled for completion in August 1978 and has been assigned to the newly created Industrial Security Branch, Office of Security. I believe it would be possible to implement the new contract clauses in conjunction with these new manuals.

5. In addition to the above efforts, action has been taken in other significant areas as follows:

a. Letter from DCI to all Agency contractors who maintain classified intelligence information in their plants stressing the importance of security and need for involvement of senior corporate officials;

b. A program of surprise industrial security audits and inspections of contractor facilities. A total of 25 surveys has been completed as of this date;

c. Initiation of the polygraph program for key contractor employees; and

d. Establishment of a suitability panel to review contractor clearances.

6. I will keep you advised as actions are completed.

STATINTL

5 JUN 1978

78-14657

John F. Blake

Sorry to keep asking ?? - but with ref Para 2 can't we establish some percent of points for security - be more specific - more teeth?

Sorry to keep asking ?? - but with ref Para 2 can't we establish some percent of points for security - be more specific - more teeth?

15 MAY 1978

MEMORANDUM FOR: Deputy Director for Administration

FROM: Director of Central Intelligence

I've lost the bubble on when we're going to get some teeth into our contracting procedures so that we can hold a contractor responsible for security lapses.

[Redacted Signature]

STANFIELD TURNER

STATINTL

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Next 3 Page(s) In Document Exempt

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